



CONNECTING & INNOVATING
SINCE 1913

March 6, 2017

Senator Torrey Westrom
Chair, Senate Agriculture, Rural Development, and Housing Finance Committee
95 University Avenue W.
Minnesota Senate Bldg., Room 3201
St. Paul, MN 55155

Dear Chair Westrom:

Please include the following comments from the League of Minnesota Cities as testimony when the Senate Agriculture, Rural Development, and Housing Finance Committee considers SF 908 (Sen. Westrom).

SF 908 would create an investor grant program to encourage workforce housing. Additional tools for workforce housing are a League priority, and the League supports the basic premise of the investor grant program. However, the funding source proposed in SF 908 is problematic. Funding the investor grant program by taking money from the existing Economic Development and Housing Challenge Fund (“Challenge program”) reduces funds available for affordable and low-income housing programs, which are also critically needed and important to cities.

The League believes the broad array of housing needs across the state includes both workforce and affordable housing. The League encourages the Legislature to find additional resources to fund both efforts.

As the committee is aware, in rural communities, a lack of housing stock for new workers can prevent a planned expansion or relocation, hampering job growth and economic development. The economics of building a housing development in greater Minnesota communities makes private development difficult, and workers with higher paying jobs do not qualify for traditional affordable housing. This housing gap can bring development and job growth in a community to a halt.

Therefore, the League strongly supports additional tools for workforce housing, through continued funding of the existing Workforce Housing Grant Program in the Department of Employment and Economic Development (DEED), proposed tax increment financing (TIF) for workforce housing, and a workforce housing tax credit. The DEED Workforce Housing Grant Program is currently included in the agency’s base budget. The TIF and tax credit proposal have legislation awaiting

action in the tax committee. Support for these workforce housing tools has been a League priority since 2015.

The League also strongly supports resources and tools for cities to meet demands for affordable housing that is sensitive to local conditions. This includes substantially increasing long-term funding for the Challenge program that is administered through the Minnesota Housing Finance Agency (MHFA). This fund allows cities to leverage local private and public resources to develop workforce rental and single family homes. The fund is used by cities across the state each year and is a flexible funding source for cities to develop affordable housing. Cities, along with local housing officials, have recognized the need for proactive commitment at the state level to aid cities in meeting demands for affordable housing. Support for funding the Challenge program has been a long-standing policy position of the League.

We encourage this committee, and the legislature to find resources to fund both of these important resources that cities use to develop affordable and workforce housing around the state.

Thank you for your consideration,

A handwritten signature in black ink, appearing to read "Heather Corcoran". The signature is fluid and cursive, with a prominent initial "H" and "C".

Heather Corcoran
Intergovernmental Relations Member Relations Coordinator
League of Minnesota Cities (LMC)
(651) 281-1256 | hcorcoran@lmc.org